

September 29, 2005

Dear TVA Medicare Supplement Enrollee:

You have probably heard about Medicare Part D, the prescription-drug coverage to take effect under Medicare next year, and you may have wondered what this will mean to you since you have prescription-drug coverage through the TVA Medicare Supplement.

We are pleased to tell you that prescription-drug coverage will continue to be a part of your TVA Medicare Supplement. The 2006 drug coverage under your TVA plan will meet Medicare's requirements for Part D plans and may provide greater coverage than that offered by other Medicare Part D plans. The 2006 coverage will be similar to your current drug coverage and will continue to be administered by Medco.

What does this mean to you? If you continue coverage in the TVA Medicare Supplement, your Part D coverage will be provided through the TVA plan and will be reported to Medicare. That means you will not have to enroll in another Part D plan when Medicare begins its enrollment period in mid-November.

The prescription-drug coverage explained in the enclosure was designed to take advantage of the Medicare changes, while continuing to provide you with quality health-care coverage through a TVA-sponsored medical plan.

Although there have been some media reports about a possible delay in the implementation of Medicare Part D, we have been informed by the Center for Medicare/Medicaid Services that there is no delay and Medicare Part D will become effective January 1, 2006. Therefore, we wanted to get the information to you as soon as possible.

Please read the enclosure carefully for more information on the TVA Medicare Supplement prescription-drug benefits that will become effective January 1, 2006. Information will also be in Inside TVA and in the TVA Retirees Association newsletter later this year. Additional plan summary information will be mailed to you in November, and new Medco identification cards will be sent to you in December.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary R. Napier". The signature is fluid and cursive, with the first name "Gary" being more prominent than the last name "Napier".

Gary R. Napier, Senior Manager
Employee Benefits

